1991

Nova Scotia

# ANNUAL REPORT

92-05048/

Nova Scotia

# ANNUAL REPORT

Department of Consumer Affairs

His Honour
The Honourable
Lloyd R. Crouse, P.C.
Lieutenant-Governor
Province of Nova Scotia

May It Please Your Honour:

I have the honour to present to you the Annual Report of the Department of Consumer Affairs for the fiscal year ending March 31, 1991.

Respectfully submitted,

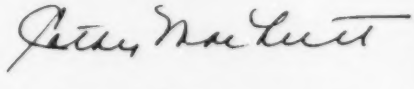
Donald McInnes
Minister

The Honourable Donald McInnes
Minister of Consumer Affairs
Province of Nova Scotia
Halifax, Nova Scotia

Sir:

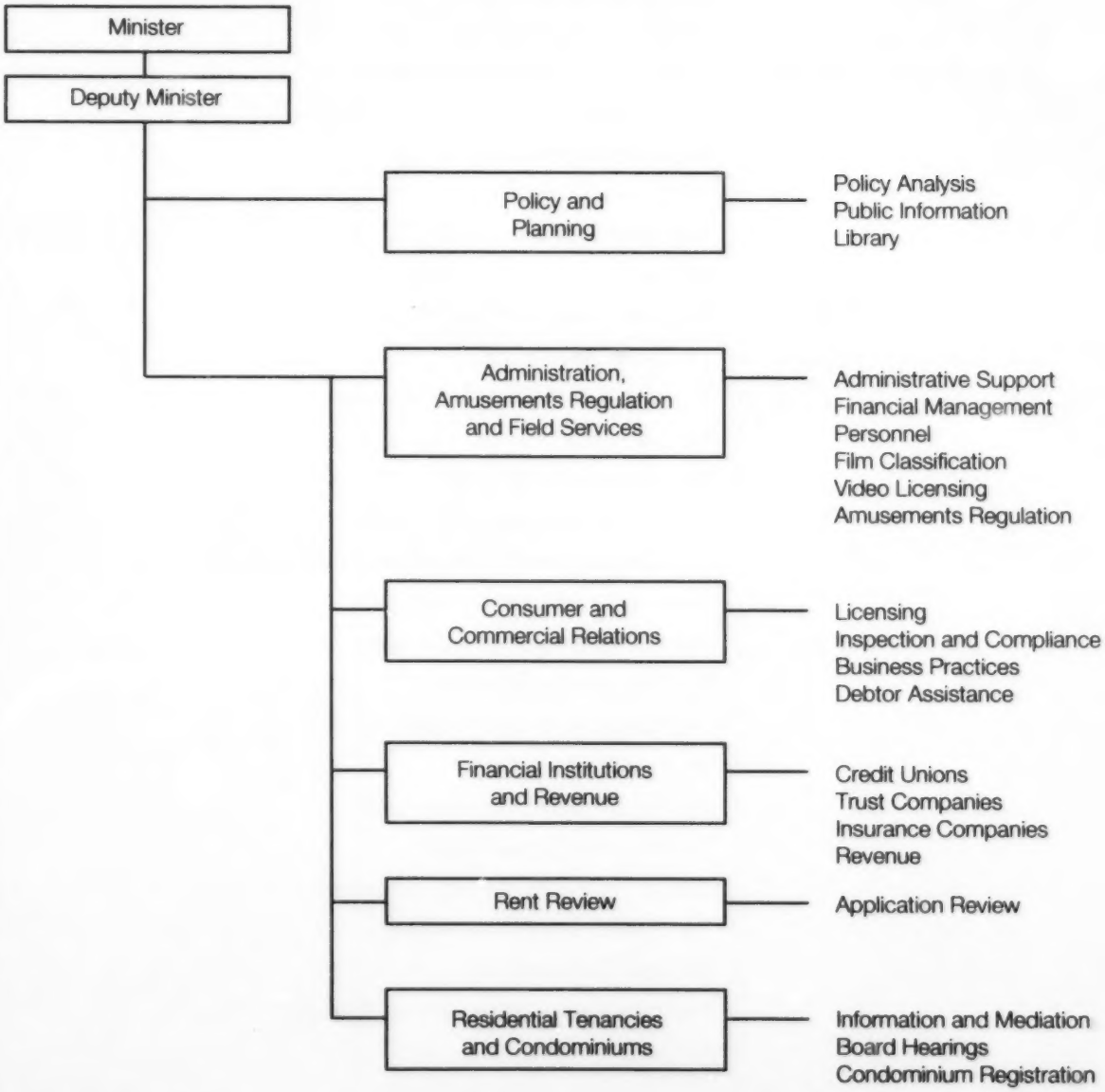
I take pleasure in presenting to you a report of the activities of the Department of Consumer Affairs for the year ending March 31, 1991.

Respectfully submitted,



Cathy MacNutt
Deputy Minister

# NOVA SCOTIA DEPARTMENT OF CONSUMER AFFAIRS



# ACTS ADMINISTERED BY THE DEPARTMENT OF CONSUMER AFFAIRS

The Cemetery and Funeral Services Act

The Collection Agencies Act

The Condominium Act

The Consumer Creditors Conduct Act

The Consumer Protection Act

The Consumer Reporting Act

The Consumer Services Act

The Credit Union Act

The Direct Sellers' Licensing and Regulation Act

The Embalmers and Funeral Directors Act

The Future Services Act

The Instalment Payment Contracts Act

The Insurance Act

The Insurance Premiums Tax Act

The Loan Companies Inspection Act

The Mortgage Brokers and Lenders Registration Act

The Mutual Insurance Companies Act

Part X of the Bankruptcy Act (Federal)

The Public Accountants Act

The Real Estate Brokers' Licensing Act

The Rent Review Act

The Rental Property Conversion Act

The Residential Tenancies Act

The Tax Rebate Discounting Act (Federal)

The Theatres and Amusements Act

The Trust Companies Act

The Unconscionable Transactions Relief Act

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# THE DEPARTMENT OF CONSUMER AFFAIRS

## *Promoting Integrity and Fairness in the Marketplace*

In 1991 the Department of Consumer Affairs continued to carry out its mandate of promoting fairness and integrity in the marketplace.

The problems facing consumers have grown increasingly complex over the years, and difficulties with complex language in contracts and other forms of agreements have become much more apparent. It now takes a greater amount of time to resolve consumer complaints and inquiries.

The top priority continues to be the revision of legislation related to financial institutions, and this year the department circulated a draft Trust and Loan Companies Act to the public and interested parties. The legislation is slated to be tabled in the spring, and will impose higher standards on directors, and offer greater shareholder protection than in the past. Consumer Affairs staff continued to be involved with meetings with all other provinces on harmonizing the regulation of financial institutions.

The computerized accounting system for the department was fully installed and in use throughout the fiscal year, resulting in a more accurate and timely accounting of revenue.

Staff from the department continued to participate in the federal-provincial Task Force on Consumer Education and Plain Language and coordinated the second National Consumer Week in Canada. The theme continued to be "Team Up for a Stronger Marketplace" and it provided a week that business, industry, and government could focus on consumer issues. The task force continued to work on an economic life skills course for high school students and Project Real World was published and distributed to teachers in Nova Scotia.

Work continued on the Federal-Provincial Study on Telemarketing Issues, and also on the Code of Conduct for Electronic Funds Transfer. These new technologies in the marketplace pose new problems for consumers, particularly in the area of individual privacy.

Nova Scotian consumers continued to face financial difficulty in 1991, with the average person having outstanding personal loans (excluding mortgages) at a level of 35 per cent of annual income. This helps to explain why job loss and unforeseen difficulties create an increased demand on the services of the debtor assistance program.

# CONSUMER AND COMMERCIAL RELATIONS DIVISION

## *Overview*

The Consumer and Commercial Relations Division is a key source of marketplace information and regulation.

This division has four major components:

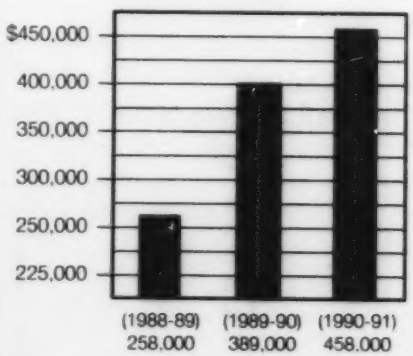
- inspection and compliance
- debtor assistance
- business practices
- licensing.

During the past fiscal year the Future Services Act was passed and proclaimed. This statute protects consumers who enter into contracts with health and fitness clubs, diet centres, or any operation that requires the prepayment of fees for services provided in the future.

The Director of Consumer and Commercial Relations sits on a number of inter-provincial committees and federal/provincial working groups. The most recent of these was the working group developing a Code of Conduct for Electronic Funds Transfer at Point of Sale. In addition, the Director sits as Registrar at hearings into license denials, and liaises with various industry committees affected by legislation and regulation.

The **Inspection and Compliance Section** continued to expand its enforcement activity in the marketplace. Staff performed 306 inspections, which represents a slight increase in activity over the previous fiscal period. Over 299 person days were spent conducting investigations and audit inspections, many of which involved cooperation and intervention with other enforcement agencies. These investigations resulted in a number of disciplinary hearings and a variety of remedial actions. Staff spent 91 person days in hearings and special meetings where findings were presented.

**License Revenue**



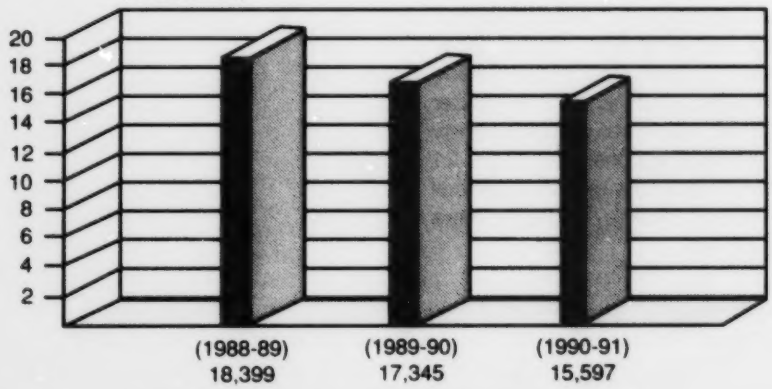
The section investigated the activities of a general insurance agency as a result of a complaint from a concerned consumer whose son was involved in an automobile accident with a client of the agency.

The father was advised that while the individual had been provided with a liability card, he did not have any insurance in effect at the time of the accident. The investigation revealed that the individual had paid the premium to the agency and had completed an application for insurance. In addition, he had been provided with three liability cards by the agency. The agency, however, failed to place the automobile insurance on behalf of its client. The investigation was expanded and we determined a number of other cases of a similar nature.

The licenses of the agency and agent were not renewed and the matter was referred to the Department of Attorney General for further investigation. As a result, the actions of the agency and agent are being investigated by the R.C.M.P. Commercial Crime Section.

**Consumer Complaints & Inquiries ***

(in thousands)




* Includes both telephone and written complaints and inquiries

**Consumer Complaints**
**Percentage of Complaints by Type April 1, 1990 to March 31, 1991**

| Type of Written Complaint | Number | % |
|---|---|---|
| Automobiles | 1,470 | 19 |
| Consumer Goods and Services | 1,268 | 16 |
| Insurance | 750 | 9 |
| Mail Orders | 619 | 8 |
| Contractors | 549 | 7 |
| Collection Agencies | 464 | 6 |
| Appliances | 343 | 5 |
| Consumer Loans | 248 | 3 |
| Home Furnishings, Rugs & Drapes | 243 | 3 |
| Direct Sellers | 186 | 2 |
| Professional Services | 184 | 2 |
| Other | 1,590 | 20 |
| TOTAL | 7,914 | 100 |

A life insurance agent was investigated after consumers complained about the way the agent administered insurance policies, collected premiums, and placed dual coverage.

The investigation revealed that the agent exhibited a careless disregard for the standard business procedures expected of a licensed life insurance agent by extending loans to clients to facilitate the prepayment of premiums, in some cases without the knowledge of the insured. In addition, it was noted that the agent failed to maintain adequate records and did not take reasonable care in accepting payments from clients, thereby calling into question the status of numerous insurance policies. The investigation disclosed that the agent submitted false non-medical application forms and repeatedly replaced life insurance policies without apparent regard for the needs of his client, in many cases without their knowledge.

The matter was referred to the Deputy Superintendent who nominated an advisory board to hear this matter. Prior to the hearing the sponsorship of the agent was withdrawn by the sponsoring insurer. A new application was submitted.

The advisory board held a hearing with the agent and reviewed the entire matter, after which it recommended that the licensing of the individual be deferred. The Deputy Superintendent agreed with the recommendation and elected not to act on the application for 90 days. This period of time was deemed to be a period of suspension. In addition, the Deputy Superintendent set terms and conditions which had to be satisfied by both the agent and his sponsoring insurer as pre-conditions to licensing. The agent had to successfully complete a qualification examination and the sponsoring insurer had to provide a written assurance that it would carry out a detailed quarterly review of the agent's life insurance activities.

The sponsoring insurer elected to withdraw sponsorship and the agent has not been licensed.

The matter was also referred to the R.C.M.P. Commercial Crime Section, which determined that there was no contravention of the Criminal Code.

**Total Number of Inspections/Investigations**

| | |
|---|---|
| 1988-89 | 133 |
| 1989-90 | 303 |
| 1990-91 | 306 |

**Person-days Audit Inspections/Investigations**

| | |
|---|---|
| 1988-89 | 216 |
| 1989-90 | 256 |
| 1990-91 | 299 |

**Person-days Special Meetings and Hearings**

| | |
|---|---|
| 1988-89 | 110 |
| 1989-90 | 122 |
| 1990-91 | 91 |

An investigation of a real estate brokerage and two of its salespersons was carried out under the Real Estate Brokers' Licensing Act as a result of a complaint alleging insider trading on the part of the two real estate salespersons.

The investigation revealed that a consumer approached one of the salespersons at the office of the real estate broker to list a property for sale. The real estate salesperson went to the property to carry out an on-site inspection and to make a determination as to the value of property for listing purposes. Prior to completing the listing he met with another salesperson in the real estate office and suggested that the property would be one which could be acquired and later resold after renovations had been completed. The salesperson took the second salesperson to see the property in question, and they decided to purchase it jointly. The first salesperson failed to disclose to the vendors that he and the other individual were partners. He presented an offer to the vendors at a reduced price. The offer did not disclose that he was a co-purchaser.

The vendors elected to accept the offer and it was only at the closing that they determined that the listing salesperson was a partner of the other individual. The property was renovated by the two individuals and sold at a profit several months after acquisition.

The investigation was referred to the Superintendent who held a hearing and elected to suspend the license of the listing salesperson for two weeks and the license of his partner for one week. In addition, as a pre-condition to licensing, he required that they successfully complete a prequalifying examination.

The matter was also reviewed with the R.C.M.P. Commercial Crime Section who determined that the action of the two salespersons did not contravene the Criminal Code.

The section investigated the activities of a real estate broker for an alleged misappropriation of trust monies. The investigation revealed that the real estate broker was provided with a down payment of $25,000 by the purchaser of a commercial property to be held in trust and to form part of the purchase price. This deposit was to be placed in an interest bearing trust account. The real estate broker, however, placed the funds in the general account and he was unable to return the deposit to the purchaser when the sale fell through. Prior to the investigation being commenced the real estate broker elected not to reapply for a brokerage license.

The purchaser obtained a default judgement based on a finding of breach of trust and has filed a claim with the Real Estate Assurance Fund.

The matter was referred to the Halifax City Police for consideration of further investigation.

The section also was appointed by the Board of Registration of Embalmers and Funeral Directors to carry out an investigation into the activities of a licensed funeral director who was also an apprentice embalmer. He had been dismissed by his employer for irregularities pertaining to the remitting of interment fees and clergy honoraria.

The investigation revealed one case where the individual failed to remit the interment fee which he had received from the family of the deceased; two cases where he failed to remit the clergy honoraria which had been provided to him by the families of the deceased; as well as one incident where he made unauthorized purchases on the funeral home's account with a building supplier.

A complete report was provided to the Board of Registration who held a hearing to review the entire matter after which they elected to revoke the individual's licences.

An investigation of a firm which markets cook books under the Direct Sellers' Licensing and Regulation Act disclosed numerous contraventions of the Act and Regulations including unlicensed selling, the failure of the firm to utilize a direct sales contract, as well as its failure to maintain a trust account. A hearing was held and the firm provided a written Assurance of Voluntary Compliance admitting to the contraventions and providing a written assurance that such contraventions would not occur in the future.

**Licensing Section Statistical Summary**

| Licenses Issued | 1988-89 | 1989-90 | 1990-91 |
|---|---|---|---|
| Cemetery and Funeral Services Act | 160 | 234 | **260** |
| Collection Agencies Act | 223 | 176 | **257** |
| Consumer Protection Act | 171 | 288 | **355** |
| Consumer Reporting Act | 13 | 11 | **9** |
| Direct Sellers' Licensing and Regulation Act | 2,823 | 2,942 | **3,139** |
| Embalmers & Funeral Directors Act | 454 | 433 | **499** |
| Instalment Payment Contracts Act | 94 | 95 | **95** |
| Insurance Act | *2,182 | 4,241 | **3,678** |
| Mortgage Brokers and Lenders Registration Act | 212 | 241 | **306** |
| Real Estate Brokers' Licensing Act | 2,315 | 2,116 | **2,498** |
| Tax Rebate Discounting Act | 2 | 2 | **26** |
| TOTAL | 8,649 | 10,799 | **11,122** |

* The Licensing Section assumed responsibility for the Insurance Act in mid-1988.

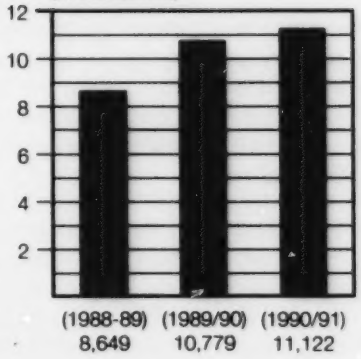
The section also carried out an investigation into the activities of an automobile dealer pertaining to the sale of third party creditor life and disability insurance as a result of a complaint filed by the executrix of the estate of a client. The investigation revealed that the dealer had sold third party automobile insurance to an individual who had obtained the insurance to provide for the payment of the car loan used to finance the vehicle which he had purchased.

Prior to paying the loan in full he passed away and the estate filed a claim with the insurer only to discover that the dealer neglected to place the insurance. The dealer refused to pay that claim. As a result of our investigation the dealer has paid the estate the full amount of the loan.

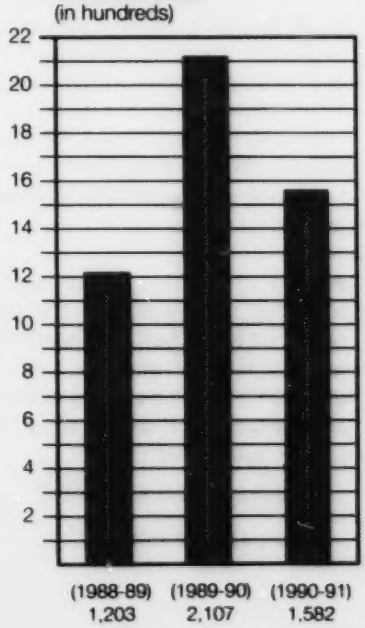
The investigation also revealed six other cases where the automobile dealer, as a result of a conversion of his accounting system from a manual operation to computer, inadvertently failed to place creditor life insurance for consumers who purchased the same as part of the purchase of their new cars. The firm's insurer agreed to accept responsibility for these insurance policies.

As a result of this investigation the whole area of the sale of third party creditor life and disability insurance is under review by the division.

**Licenses Issued**
(in thousands)




**Examinations**
(in hundreds)



The section also carried out inspections under the Mortgage Brokers and Lenders Registration Act, Consumer Protection Act, Tax Rebate Discounting Act, Consumer Reporting Act, Future Services Act, as well as the Cemetery and Funeral Services Act.

The **Licensing Section** works closely with the other three sections of the division in fostering an equitable marketplace through the regulation of many types of businesses in Nova Scotia. The statutes administered by this section, 12 in all, ensure standards of competence (through examinations) and consumer protection (by approving contracts and setting terms under which companies must conduct their consumer transactions), and provide security (by requiring licensees to post bonds or participate in an assurance fund program).

Among the types of businesses regulated by this section are real estate brokers, insurance agencies and agents, funeral service companies, future service operators, and various credit-related firms.

As the economic recession deepened throughout 1990 and 1991, the demand for services under our **Debtor Assistance** program increased dramatically.

The Debtor Assistance program involves counselling households on their financial matters, as well as assisting those who qualify for the Orderly Payment of Debts program.

The demand for the services of the Orderly Payment of Debts program, (Part X of the Bankruptcy Act) is an indicator of the economic climate, an increase in the unemployment rate, and easy access to credit.

During the term of an Orderly Payment of Debt Consolidation Order, consumers are able to assess their problems, set priorities, and try to alleviate the concerns brought about by financial difficulty.

The program continues to enjoy a positive pay back experience and the number of defaults on orders remains low when compared to the total number of orders issued.

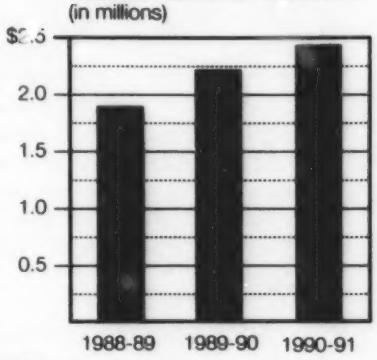
**Debtor Assistance**
**April 1, 1990 to March 31, 1991**

| | |
|---|---|
| Households counselled | 3,813 |
| Consolidation orders issued | 753 |
| Consolidation orders in effect | 1,685 |

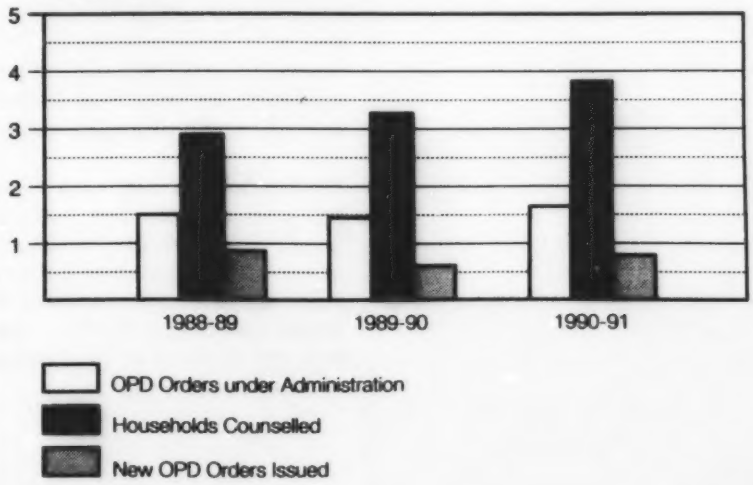
The Debtor Assistance section presently administers approximately 1,695 consolidation orders and in the past year payments of $2,458,081. were distributed to creditors. That figure represents an increase of 10.2 per cent over the past year.

Throughout the province, 3,813 households received financial counselling during the fiscal period 1990-91. Of that number, 741 were referred for personal bankruptcy and 753 new consolidation orders issued.

**Monies Issued to Creditors**
(in millions)




**Debtor Assistance**
**April 1, 1988 to March 31,1991**
(in thousands)



As in past years, consumers continue to make use of our **Business Practices** section, seeking assistance in the mediation of complaints in the marketplace. Although numbers have remained constant, it appears that consumer concerns and questions are now more complex, and more time is involved in research and investigation.

The distribution of consumer information remains an integral part of the Business Practices Section as many consumers take advantage of our data base of material, including written publications, product testing, resource referrals, and a general consumer information. We have noticed a marked increase in the number of complaints and inquiries relating to the insurance industry and automobile-related concerns.

Throughout the past year many agencies, schools, and business programs have sought the services of our staff for personal speaking presentations. We continue to encourage this opportunity to meet with the public and to enhance consumer awareness.

## *Highlights*

> During 1990-91, the licensing section continued to restructure the licensing process under the Insurance Act. All licenses issued under this statute are now subject to an anniversary date renewal with a three-year term.

> Considerable effort was spent this year implementing licensing procedures under the Future Services Act, new legislation that regulates businesses that collect payment in advance for the delivery of goods or services over a period of time. Given the varied nature of the types of businesses regulated under this act and the fact that there is no single organized group with which the department can interact the licensing process has proven to be particularly labour intensive.

## *New Initiatives*

> The Director of the Consumer and Commercial Relations Section and the Senior Licensing Officer sat on a committee to examine all aspects of establishing a co-regulatory council under the Insurance Act. The committee developed a model for discussion and progress is continuing.

> Members of the Insurance Council Review Committee are: Mr. Terry Ball; Mr. J. Dickson Crawford; Mr. Bill MacNeil; Mr. Al Ferguson; Ms. Heather Winters; Mr. Kevin Aucoin.

> As well, the Insurance Regulations Review Committee continued to meet this year and drafted significant new regulations affecting licensing and operating aspects of insurance agents and agencies. It is anticipated that these regulations will be approved and implemented in the next fiscal year.

> The Funeral Services course at Kingstec Community College was officially opened in October. This course is recognized under the Embalmers and Funeral Directors Act as the prerequisite course of study for individuals wishing to register as apprentice embalmers under this act. The first year enrolment was at capacity and both the Board of Registration of Embalmers and Funeral Directors and the department are encouraged by the response.

> Amendments to the Collection Agencies Act regulations were also passed this year. These changes affect a number of administrative procedures including identification and filing requirements. They also place limits on certain aspects of collection, such as the period of time that must elapse between the mailing of the written notice and personal contact.

# RESIDENTIAL TENANCIES AND CONDOMINIUMS DIVISION

## *Overview*

During the past year, our nine offices throughout the province responded to 72,619 residential tenancies inquiries received by telephone, correspondence, and office visits. Of the 4,541 written complaints received, 2,808, or 61.8 per cent were mediated.

Throughout the year staff participated in various presentations to groups including the Halifax/ Dartmouth Real Estate Board, the Investment Property Owners Association of Nova Scotia and provided assistance to the department at mall displays and other public information sessions.

The Registrar of Condominiums approved 15 registrations during 1990-91 creating 493 units. By-laws were registered by 14 corporations. Revenue of $118,342 was received in registration fees. Eighteen proposed registrations were pending at year-end.

Condominium development continues to be concentrated in the Halifax/Dartmouth metro area although this year three projects have been registered in counties other than Halifax, the largest number in one year to date. The majority of registered units are residential.

Financial statements were filed by 62 corporations during the year.

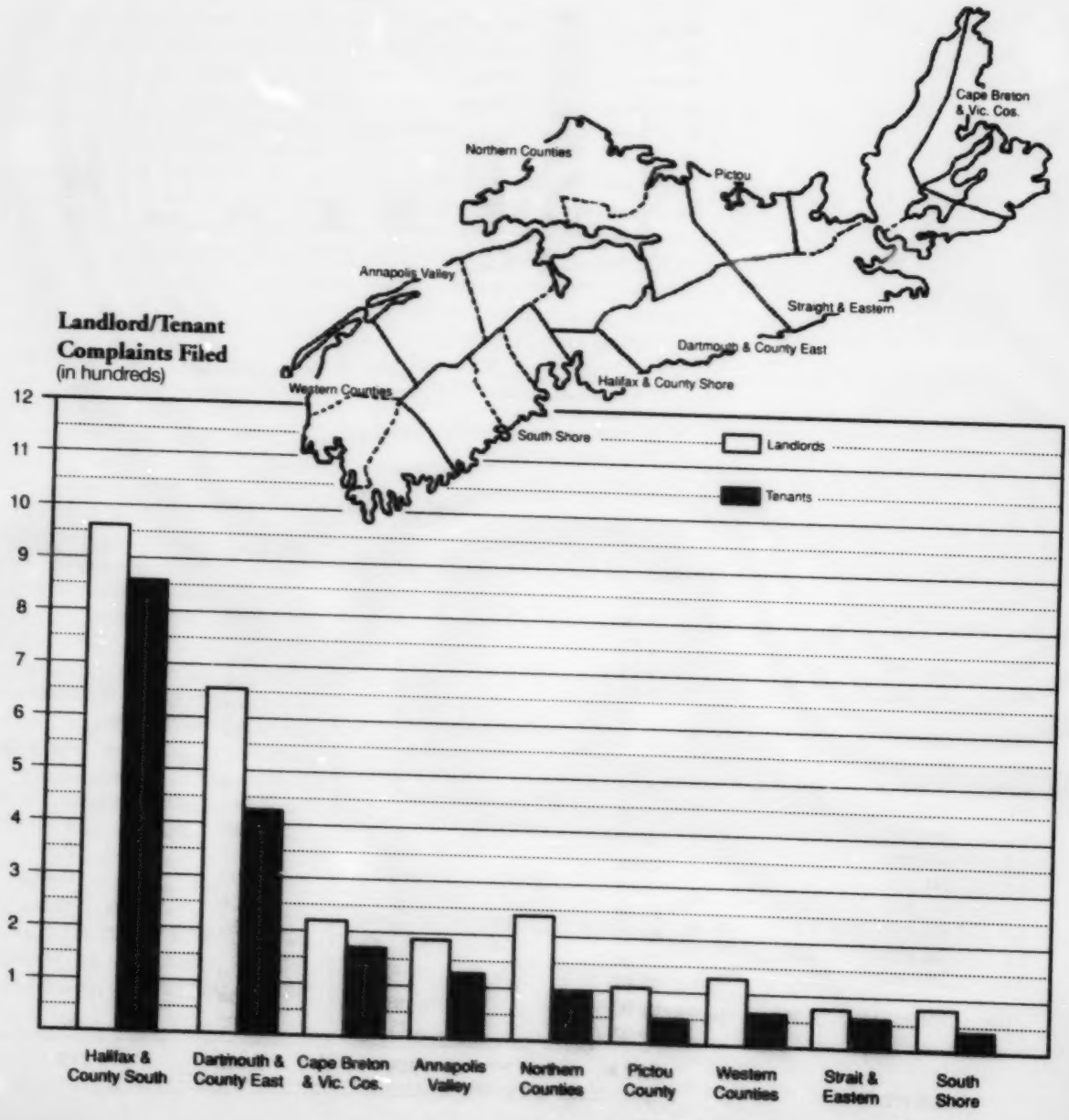
| Residential Tenancies Board | Written Complaints |
|---|---|
| Halifax & County West | 1,810 |
| Dartmouth & County East | 1,076 |
| Cape Breton & Victoria Cos. | 386 |
| Annapolis Valley | 327 |
| Western Counties | 199 |
| Northern Counties | 327 |
| Pictou Counties | 128 |
| South Shore | 120 |
| Strait & Eastern Counties | 128 |
| TOTAL | 4,541 |

| Mediated: | 2,808 | % Mediated: | 61.8% |
|---|---|---|---|

## Residential Tenancies Inquiries by Regional Board, 1990-91

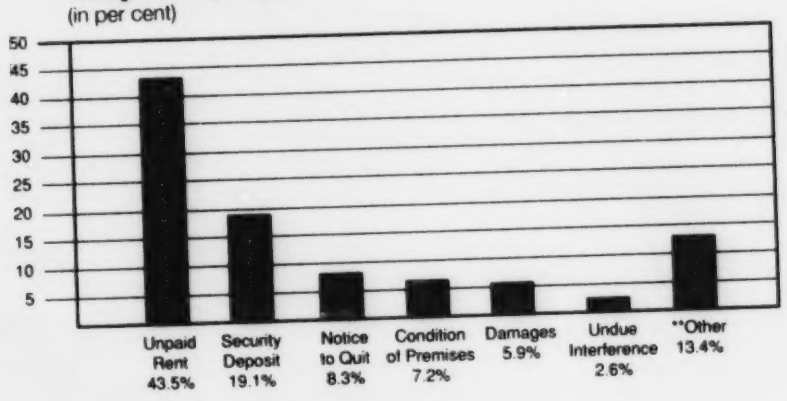
| | Telephone | Correspondence | Visit |
|---|---|---|---|
| Halifax & County West | 23,408 | 74 | 2,610 |
| Dartmouth & County East | 13,514 | 10 | 3,550 |
| Cape Breton & Victoria Cos. | 7,433 | 185 | 3,093 |
| Annapolis Valley | 4,434 | 209 | 1,090 |
| Western Counties | 2,283 | 131 | 1,156 |
| Northern Counties | 2,339 | 25 | 813 |
| Pictou Counties | 2,453 | - | 820 |
| South Shore | 920 | 35 | 259 |
| Strait & Eastern Counties | 1,157 | 47 | 571 |
| TOTALS | 57,941 | 716 | 13,962 |

| **Total Inquiries** | **72,619** |
|---|---|


Landlord/Tenant
Complaints Filed
(in hundreds)
Cape Breton
& Vic. Cos.
Northern Counties
Pictou
Annapolis Valley
Straight & Eastern
Dartmouth & County East
Halifax & County Shore
Western Counties
South Shore
Landlords
Tenants
12
11
10
9
8
7
6
5
4
3
2
1
Halifax &
County South
Dartmouth &
County East
Cape Breton
& Vic. Cos.
Annapolis
Valley
Northern
Counties
Pictou
County
Western
Counties
Strait &
Eastern
South
Shore

## Residential Tenancies Complaints by Type

(in per cent)




* Other includes:

| | | | |
|---|---|---|---|
| Deletion of Services | 1.9% | Entry of Premises | .4% |
| Rent Overpayment | 1.8% | Rent Increase | .3% |
| Leases | 1.0% | Rent Review | .1% |
| Barred Access | .6% | Other | 7.3% |

## Condominium Registrations

| Year (1972-91) | Registrations | Residential Units | Commercial Units |
|---|---|---|---|
| 72-73 | 1 | 91 | |
| 73-74 | 2 | 169 | |
| 74-75 | 6 | 570 | |
| 75-76 | 3 | 327 | |
| 76-77 | 2 | 151 | |
| 77-78 | 4 | 110 | |
| 78-79 | 4 | 154 | |
| 79-80 | 0 | 0 | |
| 80-81 | 0 | 0 | |
| 81-82 | 8 | 544 | 4 |
| 82-83 | 5 | 130 | 1 |
| 83-84 | 7 | 217 | 0 |
| 84-85 | 13 | 230 | 0 |
| 85-86 | 32 | 665 | 20 |
| 86-87 | 29 | 636 | 57 |
| 87-88 | 31 | 527 | 2 |
| 88-89 | 9 | 410 | 2 |
| 89-90 | 18 | 394 | 3 |
| 90-91 | 15 | 493 | 30 |
| **TOTAL** | **189** | **6,302** | **119** |

# FINANCIAL INSTITUTIONS AND REVENUE DIVISION

## *Overview*

At the end of 1990, 89 credit unions were operating in the province. Their combined assets totalled $507 million. During the year four credit unions amalgamated with other credit unions, and three were wound up at the request of their members. Although the number of credit unions has been decreasing, deposits held by credit unions has been growing consistently indicting the high level of confidence placed in these financial institutions by Nova Scotians.

There were six provincially incorporated trust companies at the end of 1990. Two of these companies are newly incorporated and have not applied for the required certificate to commence business. Three others are small companies that have not yet achieved deposit-taking status. The remaining company has grown rapidly over the four years of its existence. It accepts deposits and is also registered to operate in most other provinces. There are about 30 other trust companies operating in the province that are incorporated either federally or in another province.

In September 1990, a draft Trust and Loan Companies Act with an explanation paper attached was circulated for consultation with the trust industry, provincial and federal jurisdictions, and other interested parties. The draft is consistent with new legislation for trust companies that has been enacted in several jurisdictions in recent years.

Approximately 275 insurance companies operated in the province during the year, practically all of which are federally registered. Legislative changes in 1989 require them to have a Nova Scotia licence, issued by the Superintendent of Insurance. Regulations setting out requirements were developed and made effective June 1, 1990. At March 31, 1991, 176 insurance companies were licensed and applications from the remaining companies operating in the province were in process. The licensing procedures will provide accurate information on all insurers operating in the province.

| Revenue | 1989-1990 Amount | % | 1990-1991 Amount | % |
|---|---|---|---|---|
| Insurance premiums Tax | $21.561.311 | 69.7 | $23,501,128 | 68.9 |
| Fire Insurance Tax | 1.391.851 | 4.5 | 1,534,828 | 4.5 |
| Cable T.V. Tax | 4.030.111 | 13.0 | 4,749,071 | 13.9 |
| Theatre Amusements Tax | 1.208.895 | 3.9 | 1,314,215 | 3.8 |
| Other Amusements Tax | 1.736.361 | 5.6 | 1,363,905 | 4.0 |
| Pari-mutuel Tax | 308.213 | 1.0 | 228,484 | 0.7 |
| License Fees-Insurance | | | 478,446 | 1.4 |
| License Fees | 461.814 | 1.5 | 595,778 | 1.7 |
| Condominium Fees | 86.904 | 0.3 | 123,475 | 0.4 |
| OPD Administration | 167.347 | 0.5 | 236,465 | 0.7 |
| Other | 96 | 0.0 | 10 | 0.0 |
| **TOTALS** | **$30,952,903** | **100.0** | **$34,125,805** | **100.0** |
| **Receipts under the Orderly Payment of Debts Program** | | | **$2,525,675** | |

During the year all life and health insurers became members of the Consumer Protection Plan which was instituted in January 1990. This plan ensures that Nova Scotia life and health insurance policy holders will not lose their benefits if an insurance company fails.

Staff completed 107 inspections of financial institutions, including the four operating trust companies. Where deficiencies are identified, inspection staff work with Credit Union Central and the Stabilization Fund Board to see that corrective measures are in place.

During the 1990-91 fiscal year total departmental revenues increased $3.2 million, to $34.1 million. This occurred, for the most part, in insurance premiums tax and cable television amusement tax. The insurance premiums tax accounts for almost 70 per cent of total revenue and the cable television tax accounts for a further 14 per cent.

The amounts received are largely consistent from year to year. In addition to the insurance premiums and cable television tax increases referred to above, there were significant increases in fire insurance tax, theatre tax and general license revenue. Decreases were experienced in other amusement taxes and in pari-mutuel tax.

The licensing of insurance companies commenced during the year and produced revenue of $478 thousand.

A total of $2,525,675 was received in trust under the Orderly Payment of Debts program for distribution to creditors.

A 10 per cent fee is charged on amounts distributed to creditors. This fee produced revenue of $236,435 to help cover the cost of administering the program. The fee does not affect any clients of the program. It is deducted from payments made to creditors.

A new automated Revenue Accounting and Ticket Inventory System was developed during the year and became operational in February 1991. The system has considerably improved revenue handling and accounting.

## *Highlights*

> The automation of the revenue accounting and ticket inventory system activities was completed in February 1991 and was fully operational at fiscal year end.

> A draft Trust and Loan Act and explanation paper was circulated for discussion to other governments, the trust industry, and other interested parties. A number of responses were received and it is anticipated that the new act will be introduced in the next session of the Legislature.

> The initial licensing of insurance companies doing business in the province commenced during the year and was in the final stages at fiscal year end. Previously insurance companies were required to be federally registered to operate in the province.

> The department participated in the exchange program of AIESEC, an international association of students in science, economics and commerce. The division was pleased to have a student from Finland join its staff from May to August.

### *New Initiatives*

> The development of the automated revenue accounting system was a major achievement. The next stage will be to integrate the system with other computer based systems in the department for licensing and Orderly Payment of Debts Program accounting.

> Following the development of the draft Trust and Loan Companies Act which was completed this year, work will begin in the new year on a new Credit Union Act. The existing legislation was enacted in 1978 and is in need of updating.

> Staff of the division will continue their on-going involvement with other provincial and federal counterparts in working towards harmonized legislation for financial institutions which operate in all jurisdictions.

# RENT REVIEW DIVISION

## *Overview*

The total number of rent increase applications processed during the 1990 calendar year was 35,085, or 49.07 per cent of the 73,539 registered rental units. Of these, 11,655 or 32.30 per cent, were requests for an increase in excess of the 4 per cent guideline. This represents a 3.51 per cent increase over the 1989 figure of 34,863. Note that these statistics relate to the calendar year to reflect the application of the legislation.

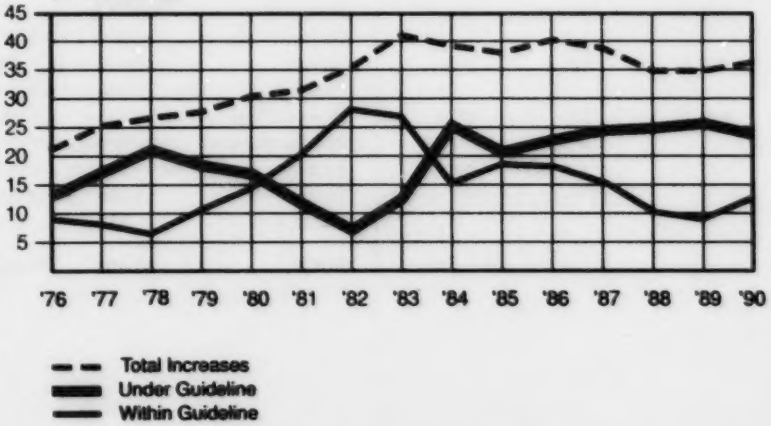
In total, 1,068 decisions were rendered by the rent review officers in 1990. Each decision will generally affect the total residential units contained within a building. Fifty-three, or approximately 5 per cent, of the decisions rendered were appealed to the Commission. The number of decisions appealed over the past few years continues to decrease at an accelerated rate compared to the number of applications for increases in excess of the guideline.

Landlord and tenant's familiarity with the legislation and process has also contributed to the decrease in decision appeals.

During 1990, 10,084 phone calls were received and handled by division staff. This translates into a 10.75 per cent decrease from 1989.

Throughout the year, division staff spoke at 11 training sessions for the Nova Scotia real estate industry. Staff also participated in the annual convention of the Investment Property Owners Association of Nova Scotia (IPOANS) as well as the annual seminar of the Cape Breton branch of IPOANS (IPOACB).

**Rent Increase Notices Since Inception**
(in thousands)



## *Highlights*

> There were no major legislative or regulation changes during the 1990-91 fiscal year.

> The division in 1990 continued to enhance its computer assisted worksheet as well as developing a landlord and tenant property record listing. Monthly and yearly statistical information and recording of mail were also automated.

**Rent Review Applications Received for Major Centres in 1988, 1989, and 1990**

| Area | 1988 | 1989 | % Change | 1990 | % Change |
|---|---|---|---|---|---|
| Bridgewater | 1,077 | 1,237 | +14.86% | 1,261 | + 1.94% |
| Dartmouth | 8,279 | 8,619 | + 4.11% | 8,772 | + 1.78% |
| Halifax | 17,100 | 17,090 | - 0.06% | 18,085 | + 5.82% |
| Kentville | 2,334 | 2,188 | - 6.26% | 2,133 | - 2.52% |
| New Glasgow | 678 | 753 | +11.06% | 711 | - 5.58% |
| Port Hawkesbury | 818 | 919 | +12.35% | 926 | + 0.76% |
| Sydney | 1,383 | 1,375 | - 0.58% | 1,363 | - 0.87% |
| Truro | 1,955 | 1,825 | - 6.65% | 2,084 | +14.19% |
| Yarmouth | 868 | 857 | - 1.27% | 750 | - 12.49% |
| **TOTAL** | **34,492** | **34,863** | **+ 1.08%** | **36,085** | **+ 3.51%** |

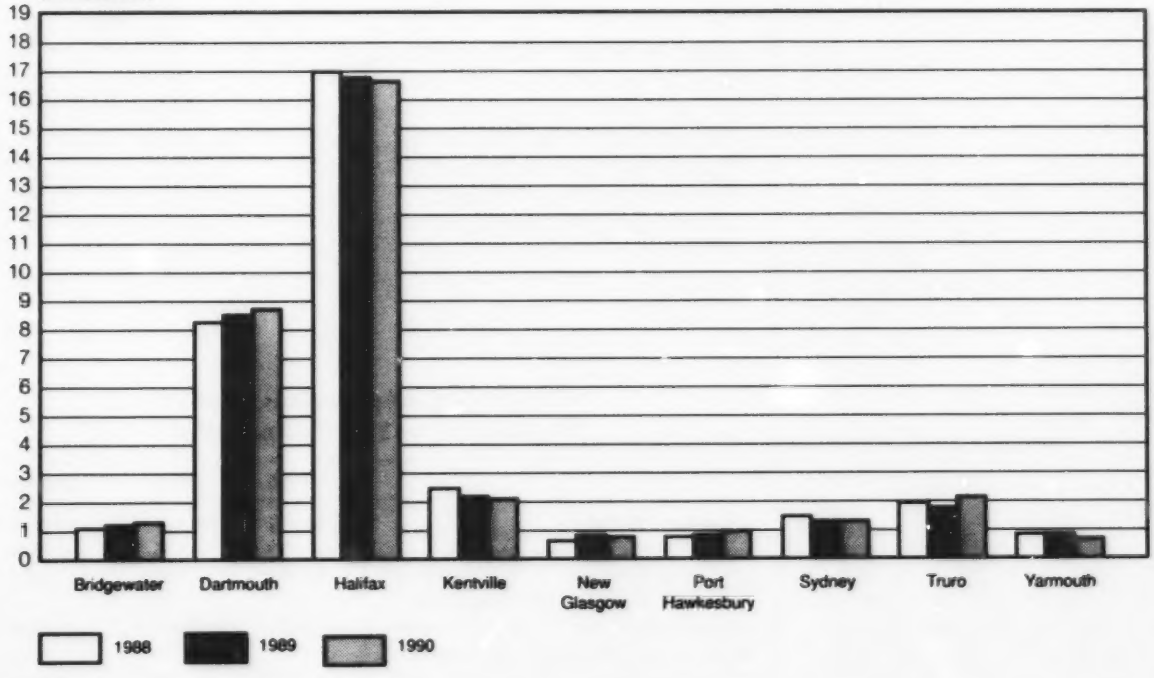
## *New Initiatives*

> Because the rent review process consists mainly of spreadsheets, data bases, and word processing, the division is ripe for full computerization. With this in mind, staff of the division have continued to manipulate numerous computer software applications for use by the division. One of the targeted areas is a standardized wording for computer-generated decisions.

**A Comparison of Applications Received For the Calendar Year 1989 and 1990**

| | 1989 | 1990 | % Change |
|---|---|---|---|
| Total applications | 34,863 | 36,085 | +3.51% |
| Over guideline | 8,519 | 11,655 | +3.68% |
| Under guideline | 26,344 | 24,430 | -7.26% |
| Decisions (properties ) rendered by Rent Review Officer | 1,261 | 1,068 | -15.30% |
| Request to Commission for decision review | 72 | 53 | -26.38% |
| Percentage of officers' decisions appealed | 5.71% | 4.96% | |
| Phone calls received | 11,298 | 10,084 | -10.75% |

Comparison of Applications Received
Calendar Years 1988/1989/1990
(in hundreds)




**Rent Review Applications Total Received for Calendar Years 1988, 1989, and 1990**

| | 1988 | | 1989 | | 1990 | |
|---|---|---|---|---|---|---|
| Applications (Units) | Number | % | Number | % | Number | % |
| Over annual guideline | 9,226 | 26.75 | 9,519 | 24.44 | 11,655 | 32.30 |
| Under annual guideline | 25,266 | 73.25 | 26,344 | 75.56 | 24,430 | 67.70 |
| Total applications | 34,492 | 100.00 | 34,863 | 100.00 | 36,085 | 100.00 |

# ADMINISTRATION, ADMUSEMENTS REGULATION AND FIELD SERVICES DIVISION

The **Administration** section ensures the department has the tools to do its job. Budget control, leasing of office space and equipment, and liaising with other government departments all occur daily. In addition, the division is responsible for overseeing the general management and administration of the network of regional offices that the department has strategically located throughout the province.

The Support Services unit provides personnel management and financial support services. The preparation of the department's annual estimates as well as the general management of the departmental budget are duties of support services staff. They ensure proper accounting and other financial procedures are followed and are responsible for acquiring equipment, furniture, and office supplies.

This year was busy because the department's space at Terminal Road was completely renovated. This involved the temporary movement of all staff and their associated functions while renovations were carried out.

The departmental Occupational Health and Safety Committee continued to meet this year and their efforts were directed at ensuring that the departmental operations were carried out in a safe fashion.

Members of the Occupational Health and Safety Committee are: Dennis Holland; Robert Warnell; Don Cluett; Valerie Bobyk; Bill Hale; Emily Sidey.

Human Resource Management is a key function of the Support Services unit. The efficient management of a department's human resources is integral to the overall success of the department. Conducting staffing competitions, monitoring and identifying staff training needs and developing internal personnel policies are activities performed daily by the unit.

The **Computer Services** unit of the division is responsible for the day-to-day operations of the departmental Micro Vax 3100 mini-computer. This computer runs the Orderly Payment of Debts accounting system and generates licences for various regulated industries as well as handling the revenue accounting system.

The department has also acquired a number of micro-computers which help to streamline the delivery of departmental programs. The initial development of the departmental Long Range Systems Plan (L.R.S.P.) and the updating of the L.R.S.P. on a regular basis are also responsibilities of the staff of this work unit.

The Field Services section of the division is responsible for delivery of the departmental programs through field offices located across the province. A full range of programs and services is available at each field office.

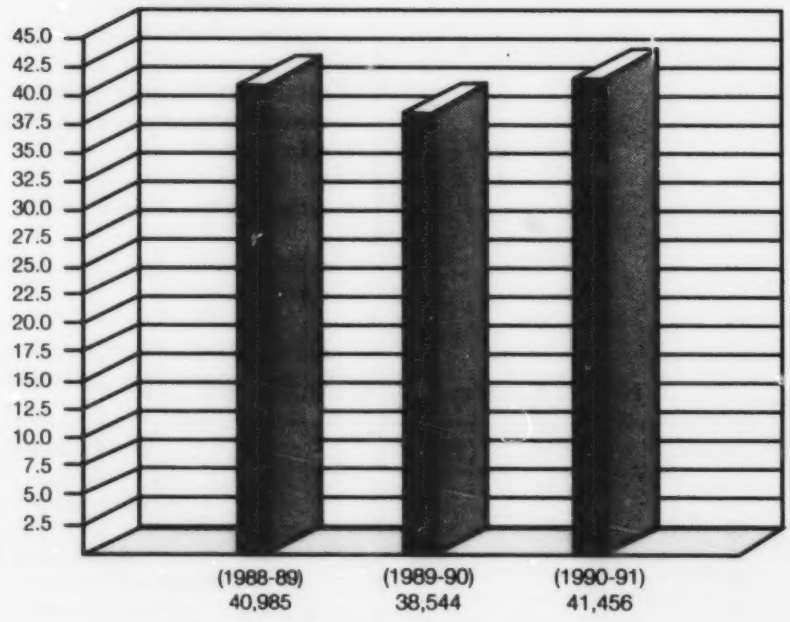
Over the past several years the department has provided training in the various program areas to ensure that staff in the field offices can give effective services. The regional manager in Cape Breton is responsible for Port Hawkesbury and Sydney offices, while mainland Nova Scotia is the responsibility of the field services manager based in Halifax. Each year the department sponsors a training and development conference, which updates staff on any changes in program delivery and which enables the staff in the field to meet with those at head office.

## *Overview*

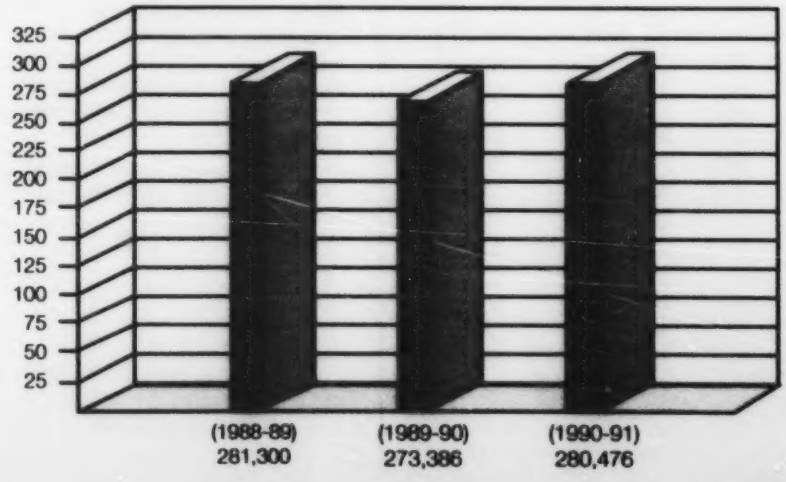
### Field Offices

- Port Hawkesbury
- Sydney
- Yarmouth
- Kentville
- New Glasgow
- Truro
- Bridgewater
- Antigonish
- Dartmouth

**Visits to Department Province-Wide**
(in thousands)




**Telephone Calls to Department Province-Wide**
(in thousands)



The Amusements Regulation section is responsible for four program areas:

> licensing of places of amusement, theatres, video stores and special entertainment events

> inspecting licensed premises

> collecting amusement taxes and admission tickets

> providing a classification service for all films and video cassettes.

Two inspectors work exclusively in compliance and amusement tax remittance in Halifax/Dartmouth under the Manager, Field Services and Amusements, and there is one inspector in the Sydney Field Office.

The Amusements Regulation Board is comprised of a full-time chairperson and part-time board members. The board classifies all film and video cassettes, for sale, rent, or exhibition in Nova Scotia. The Board now provides film and video classification for the provinces of New Brunswick and Prince Edward Island.

**Attendance by Type of Event**

| Type of Event | 1988-89 | 1989-90 | 1990-91 |
|---|---|---|---|
| Theatres (movie and live) | 2,197,054 | 2,215,653 | 2,074,702 |
| Itinerant shows | 400,747 | 592,848 | 721,317 |
| Lounges, beverage rooms & cabarets | 1,597,316 | 1,325,902 | 1,475,916 |
| Boxing, hockey, wrestling and other professional sports | 368,627 | 448,411 | 583,602 |
| Horse racing | 28,748 | 35,591 | 47,169 |
| Other events | 1,008,552 | 1,175,860 | 1,129,389 |
| TOTAL | 5,601,044 | 5,794,265 | 6,032,095 |

## *Highlights*

> During the last year, the Amusements Regulation section was successful in implementing a cycle of reinspection of places of amusement by the provincial Fire Marshal's office in order to ensure that the standards of the Fire Prevention Act are adhered to.

**Number of Amusement Licenses Issued 1988-91**

| Licenses Issued | 1988-89 | 1989-90 | 1990-91 |
|---|---|---|---|
| Films and Theatres: | | | |
| Theatres | 43 | 41 | 38 |
| Projectionists | 70 | 94 | 99 |
| Apprentice Projectionists | 10 | 20 | 23 |
| Projection Machines | 90 | 88 | 82 |
| Film Exchanges | 68 | 85 | 95 |
| Film Certificates | 1,490 | 1,497 | 1,881 |
| Other Licenses: | | | |
| Itinerant Shows | 8 | 11 | 6 |
| Racetracks (horse) | 2 | 4 | 4 |
| Festivals (outdoors) | 3 | 8 | 11 |
| Places of Amusement | 619 | 719 | 754 |
| Video Outlets | 974 | 1,212 | 1,185 |
| TOTAL | 3,379 | 3,779 | 4,178 |

## Film Classification

| Type of Film | 1988-89 | 1989-90 | 1990-91 |
|---|---|---|---|
| 35mm | | | |
| General | 22 | 18 | 18 |
| Adult | 60 | 135 | 137 |
| Restricted | 144 | 61 | 60 |
| Rejected | 0 | 0 | 0 |
| TOTAL | 226 | 214 | 215 |
| 16mm | | | |
| General | 2 | 0 | 4 |
| Adult | 4 | 1 | 11 |
| Restricted | 2 | 1 | 0 |
| Rejected | 0 | 0 | 0 |
| TOTAL | 8 | 2 | 15 |
| Video | | | |
| General | 278 | 258 | 251 |
| Adult | 641 | 712 | 611 |
| Restricted | 1,116 | 782 | 1,167 |
| Rejected | 35 | 21 | 43 |
| TOTAL | 2,070 | 1,773 | 2,072 |

## Origin of 35mm Film Classified

| Country | 1988-89 | 1989-90 | 1990-91 |
|---|---|---|---|
| United States | 128 | 122 | 118 |
| Great Britain | 18 | 14 | 12 |
| Canada | 33 | 45 | 53 |
| France | 4 | 3 | 2 |
| Italy | 0 | 2 | 2 |
| West Germany | 2 | 0 | 2 |
| Japan | 5 | 12 | 8 |
| Soviet Union | 3 | 2 | 0 |
| Austria | 1 | 1 | 0 |
| Africa | 2 | 0 | 0 |
| China | 4 | 2 | 6 |
| Spain | 2 | 0 | 0 |
| Other | 24 | 11 | 12 |
| TOTAL | 226 | 214 | 215 |